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Senator Gregg Calls for Extension of Pro-Growth Tax Relief
That Has Spurred Dramatic Economic Growth
Democrats About to Pass Largest Tax Increase in U.S. History

Senator Judd Gregg, ranking member of the Senate Budget Committee, today called for the permanent extension of the lower tax rates on capital gains and dividends, which have helped create jobs and spur strong economic growth, as Democrats prepare to pass a budget that contains the largest tax increase in U.S. history.

"Higher taxes, in many instances, actually reduce revenues to the federal government because they reduce economic activity," said Senator Gregg. "And they certainly reduce expansion of the economy and the creation of jobs. Three presidents have proved beyond any reasonable doubt that when you lower income tax rates, you generate economic expansion."

This month marks the fourth anniversary of Senate passage of the Jobs and Growth Tax Relief Reconciliation Act of 2003, which lowered the tax rates on capital gains and dividends to 15 percent (5 percent for lower income taxpayers, falling to 0 percent in 2008-2010).

Since the tax relief measure went into effect, the economy has grown at an average quarterly rate of 3.1 percent, as compared to 1.5 percent in the two years before this legislation was enacted. Since August 2003, the economy has created more than 7.8 million jobs, and unemployment has dropped to 4.5 percent (from 6.1 percent in August 2003).

The strong economic growth produced by the tax relief Republicans passed has significantly increased revenue to the federal government. Since the 2003 tax relief was implemented, tax receipts to the federal government have risen nearly 35 percent. This strong revenue increase has helped drive down the deficit, which has declined by $165 billion over the past two years. In fact, strong revenue growth helped cut the deficit in half three years ahead of the President's schedule.

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